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DEVELOPING CUSTOMER RELATIONS; FOCUS ON FOLLOW-UP REPORTING

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The purpose of this thesis was to find out how the customers of DHL Global Forwarding (Finland) Oy have perceived the transportation report, which contains detailed level information about their shipments. In addition, the objective was to discover how the report could be enhanced further in order to meet customer expectations. The goal was also to gain knowledge of how the report is being utilized by the customers.

The theoretical part comprises of two chapters. The first chapter deals with the topic of customer service in the supply chain, where both concepts are defined separately after which the role of customer service in supply chains is addressed. The second chapter touches on customers and customer lifecycle, discussing customer relationship management's role in customer lifecycle and finally addressing customer retention.

The empirical part was conducted as a qualitative research where a focused interview via telephone was used to gather the data. 15 customers who receive the report either monthly or quarterly were interviewed in February and March 2016.

The research revealed that the customers are pleased with the report. The report was said to be clear and easily understandable while many considered its content to be sufficient for their needs. The research also revealed some areas where the report could be improved or clarified. The report is mainly used for tracking and comparing shipments, to spot trends and for cost analysis. Overall, the report was deemed important and useful by the customers.

By utilizing the knowledge acquired from the study the company DHL Global Forwarding (Finland) Oy will be able to modify the current report to meet customer expectations. The research also provides tools to develop new reports in the future.

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1 INTRODUCTION

In this chapter the author presents the company who commissioned this thesis. The topic was chosen as the author's employer DHL Global Forwarding (Finland) Oy was searching for new ways to understand its customers' needs. The purpose of this study is discussed after the company presentation where a premise for this study is introduced as well as the objectives of this research. The chapter concludes with the conceptual framework where the key ideas of the study are organized and captured.

1.1 Company presentation

DHL Global Forwarding (DGF) is a division of the world's leading postal and logistics company Deutsche Post DHL group. In addition to DGF, DHL encompasses the business units DHL Express, DHL Parcel, DHL eCommerce, DHL Freight and DHL Supply Chain. Together with DHL Freight, DGF forms DHL's freight and forwarding department. DHL operates in over 220 countries and territories all over the world making it the world's most international company employing over 340000 employees.

DGF's origins are in the late company Danzas which was founded in 1815. Danzas was acquired by Deutsche Post World Net in 2000 and after also acquiring DHL International in 2002 the two purchased businesses were integrated and renamed DHL Danzas Air & Ocean. The business unit was renamed in 2005 as it became DHL Global Forwarding. DGF is a third-party logistics company (3PLs) meaning it provides outsourced logistics services to its customers. In short, DGF handles warehousing and transportation in its customers' supply chains.

In Finland DGF employs roughly 150 people. Its' headquarters are located next to the Helsinki-Vantaa airport in Vantaa with a branch office also in Tampere. DGF operates in air and ocean freight, offering various supplementary services, such as

packaging or customs clearance to complement the two main products. Having DHL's global network at its disposal DGF is able to ship and handle various shipments from location A to location B, all over the world.

1.2 Purpose of the study and research objectives

During the summer of 2015 DHL Global Forwarding (Finland) Oy (DGF) reinvented its transportation reports which are sent to the customers. These reports display all the shipments that DGF has forwarded globally in detail. The old report was outdated and provided the customers read-only data about their transportations. In addition, the old report-making-process was found time-consuming and complex. After successfully creating a new process and a new report feedback for the overhaul was scarce. Thus, the main objective of this study is to find out whether this implementation has succeeded by finding out how the customers have perceived the new report.

The main task is to find out if the new report has succeeded in giving the customers a more comprehensive and detailed data about their shipments, as well as given the customers a possibility to work on the report, rather than just viewing it. The research method will be qualitative research, where customers who have received the new report will be interviewed via telephone. As the customers are key in business, and especially their needs, the main questions regarding them are: how customers of DHL Global Forwarding (Finland) Oy view the new report; for what purpose do they use the report, what are their expectations of the report and are these expectations met, and also is there a need for further improvement.

Customers' value correct and relevant information, therefore potentially serving them a report that has no importance or cannot be used to their advantage is counter-productive and time consuming for both. Through this study DGF should have more insight whether to further continue developing its' reports on a larger scale or whether only changes to the new report are needed. Alternatively, results of this study could reveal that there is little demand for such a report even though the idea is welcomed. Therefore, all results and questions rising from this study are valuable for DGF as it should gain a better understanding of its customers' needs.

1.3 Conceptual Framework

This thesis examines how the customers of DHL Global Forwarding (Finland) Oy (DGF) have perceived the new transportation reports and how they utilize the reports. DGF's role in its customer's supply chains is a third-party logistics company (3PLs). Customer service plays a pivotal role in DGF's customer relationships where aside being the first point of contact for the customers regarding their shipments; it also produces transportation reports for the customers which has data about all of their shipments that have been handled by DGF. In a way, the report also serves as a tool in maintaining customer relationship management between the supplier and the customer. By providing shipment data of actual business transactions between these two parties, the report is not for the purpose of DGF, but in fact it serves customer relationship purposes for supply chain partners.

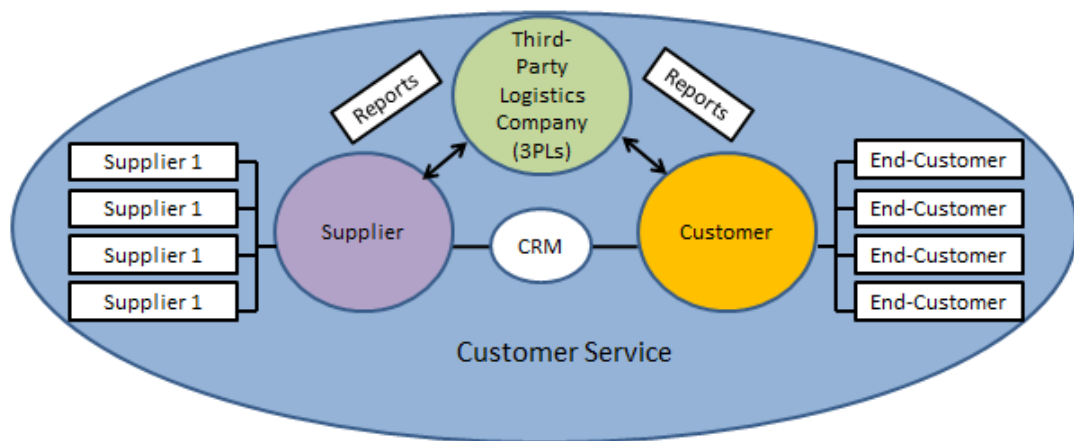


Figure 1. The Conceptual Framework: Customer service in supply chain.

2 CUSTOMER SERVICE IN THE SUPPLY CHAIN

In this theory chapter, the author introduces customer service as a subject by describing and defining it. The chapter continues with the introduction of supply chains. Supply chains are discussed in the contexts of logistics and supply chain management in order to give a more comprehensive description of supply chains. The latter

part of the chapter focuses on the subjects together by addressing the role of customer service in supply chains and in supply chain management.

2.1 Defining Customer Service

Everyone who has ever purchased something has an opinion about customer service as they have experienced it in one way or another. The perceived experience has either been below, on par, or exceeded one's expectations about that service and after, that experience moulds one's impression about the company for better or worse. To define the term customer service is another issue. When one looks for definitions for the term 'customer service' from textbooks, they all produce somewhat similar results. Mentzer describes customer service as an organizational process focused primarily on facilitating the customer interface that is, delivering goods, fulfilling customer orders and providing information to customers, to enhance customer satisfaction. (Mentzer 2001, 352.)

The term 'customer service' has been used to portray both marketing and logistics activities targeted at enhancing the product offering or facilitating the exchange process between a supplier and the customer. When customer service is viewed from the perspective of marketing, it is seen to include the elements of product design and maintenance, training, the attitude and responsiveness of salesperson, ease of customer interface with the company, guarantees, and price, in addition to the elements of logistics service. The elements of logistics service - a subset of overall customer service, are associated with the delivery of products to meet customer requests or needs. Logistics service has important dimensions, such as delivery reliability, product availability, timeliness of responsiveness, accuracy, and freedom from damage. Customer service is the glue for integrating marketing and logistics. The performance of both marketing and logistics activities generates the customer service output of the firm. (Mentzer 2001, 350-352.)

In the past, customer service's importance was not self-evident. The emphasis on marketing's 'Four Ps' - product, price, promotion and place - has always been on the first three and place, or also known as the right product, in the right place at the right

time, was rarely considered part of mainstream marketing. The power of customer service as a potential means of differentiation has changed that view. As the power of the brand is declining due to customers' willingness to accept substitutes and because technology has reduced product differences, it is customer service that can provide the distinctive difference between one company's offer and that of its competitors. (Christopher 2005, 45-46.)

In today's market place, the tendency is for customers to want and require ever-higher levels of service. Customer Service has become the competitive battleground in many industries and may provide a significant opportunity to differentiate in a highly competitive market. (Christopher and Peck 2003, 1-2.)

Two factors can be identified that have contributed to the growing importance of customer service as a competitive weapon. The first one being the continual increase in customer expectations, where in almost every market the customer is more demanding, and more aware or sophisticated than he or she was 30 years ago. The same argument applies in industrial purchasing situations, where buyers expect higher levels of service from vendors. The second factor is the transition towards commodity type markets, where the power of the brand is diminishing, because of the influx of similar products. When a buyer faces a situation with multiple choices with product differences difficult to perceive, the customer may be influenced by price or by image, but the most weight may very well be on 'availability', that is, is the product in stock. As availability is an aspect of customer service, customer service is paramount in a situation where customer is facing an abundance of products or services which to choose from. The force of customer service as a determinant of purchase applies also in industrial markets. (Christopher 2005, 46.)

Until the product or service is in the hands of the customer or consumer there is no value in it. Making the product or service available for the customer is what the distribution function of the business is all about. The factors – which together constitute customer service – that impact availability, might include delivery frequency and reliability, stock levels and order cycle time, for example. In the end, the interaction of all the factors that affect the process of making products and services available to the buyer determines customer service. (Christopher 2005, 48.)

2.2 Defining Supply Chain

Where the term ‘customer service’ is familiar to most, ‘supply chain’ is perhaps an unknown topic. In order to comprehend the term, one should examine it with relation to terms ‘logistics’ and ‘supply chain management’ (SCM). Both the previous and the latter are not new ideas, as there has always been a need for effective flow of materials and information has had to meet the requirements of customers. Only in the recent past companies have begun to recognize the impact that logistics management can have in the achievement of competitive advantage. (Christopher 2005, 3.)

The Council of Supply Management Professionals (CSCMP) (2015) defines logistics or logistics management as “that part of the supply chain management that plans, implements, and controls the efficient flow and storage of goods, services and related information from the point of origin to the point of consumption in order to meet customers’ requirements” (Council of Supply Chain Management Professionals 2015).

Logistics can be defined as being the process of strategically managing the procurement, transportation and warehousing of materials, parts and finished inventory through the organization and its marketing channels in a way that current and future profitability are maximized through the cost-effective fulfilment of orders. Logistics attempts to create a single plan for the flow of product and information through a business. (Christopher 2005, 3-4.)

Supply chain management continues and builds upon this framework seeking to link and establish co-ordination between the processes of other entities in the pipeline, for example suppliers and customers, and the organization itself. Supply chain management could be described as the management of upstream and downstream relationships with suppliers and customers to deliver outstanding customer value at less cost to the whole supply chain. Supply chain then, could be defined as a nexus of connected and interdependent organizations mutually working together to control, manage and improve both the flow of materials and information from suppliers to end customers. (Christopher 2005, 4-6.)

According to Mentzer a supply chain is defined as “a set of three or more companies directly linked by one or more of the upstream and downstream flows of products, services, finances, and information from a source to a customer” (Mentzer 2001, 5). Mentzer insightfully differentiates four different channel structures in Figure 2.

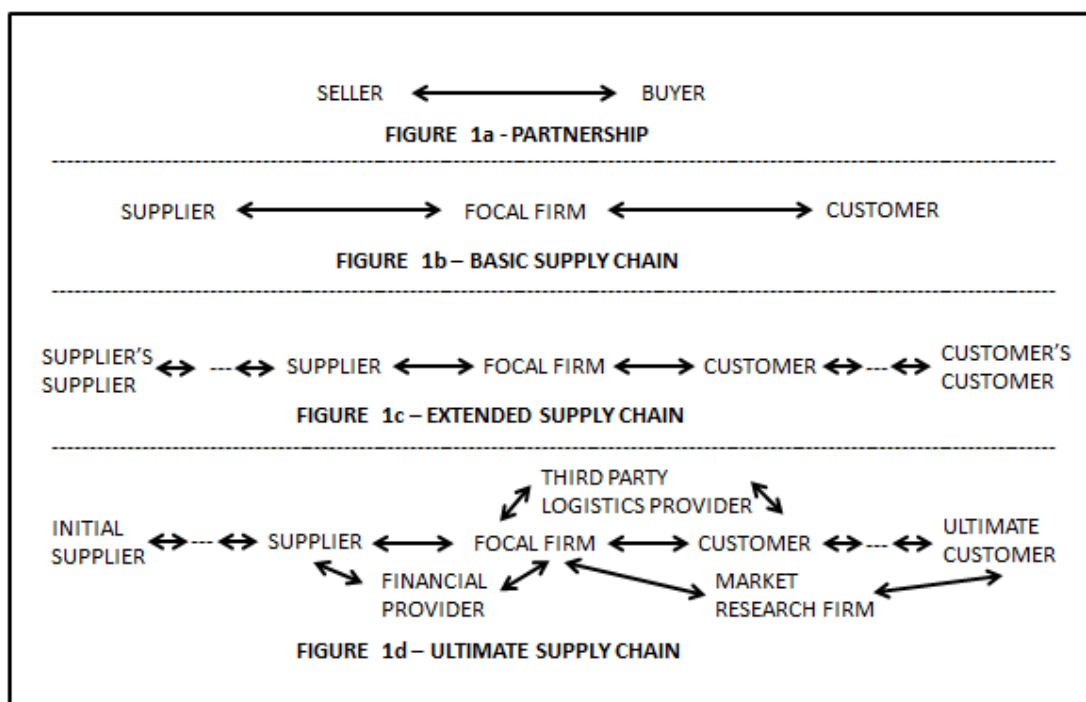


Figure 2. Types of Channel Relationships (Mentzer 2001, 7).

“A basic supply chain’ consists of a company, an immediate supplier, and an immediate customer directly linked by one or more of the upstream and downstream flows of products, services, finances and information” (Mentzer 2001, 6). The focal firm could be a retailer in Finland, who sells handmade jewellery directly to end users (i.e. customer) and purchases the goods from the supplier who makes the jewellery in Finland.

“An extended supply chain’ includes suppliers of the immediate supplier and customers of the immediate customer, all linked by one or more of the upstream and downstream flows of products, services, finances and information” (Mentzer 2001, 6). The focal firm could be an importer of clothing in Finland, whose customer is a clothing retail store in Finland whose customer is the end user. The importer’s sup-

plier is a brand in China who purchases the clothing from another supplier who makes the clothes.

“An ultimate supply chain” includes all the companies involved in all the upstream and downstream flows of products, services, finances and information from the initial supplier to the ultimate customer” (Mentzer 2001, 6). The focal firm could be a mobile phone company in Finland who constructs the phones in Finland and then re-ships the finished products; the supplier could be a microchip manufacturer in United States, who purchases components from its own supplier based in China. The focal firm’s customer is an operator in India whose ultimate customer is the end user of the mobile phone.

Cooperative relationships between two companies – defined here as partnerships or alliances - are not considered supply chains, because they do not involve any one company in simultaneous upstream and downstream relationships. The two-way arrows in the figure indicate that besides the products, also services, information, and finances flow through the linkages. (Mentzer 2001, 6.)

The supply chain is a web of organizations that are involved, through upstream and downstream connections, in the different processes and activities that produce products and services in the hands of the ultimate consumer. All of the organizations in the supply chain are dependent upon each other even if they do not closely cooperate with each other. As more and more of activities are outsourced in the supply chain due to companies focusing on their ‘core business’, supply chain management faces challenges such as integrating and coordinating the flow of materials from a multitude of suppliers and similarly managing the distribution of the finished product by way of multiple intermediaries. (Christopher 2005, 17-18.)

In the past suppliers and customers in the same supply chain saw each other as competitors and companies sought out benefits that would favour their own purpose at the expense of their supply chain partners without realizing that the final prize would be paid by the end user, thus harming the whole supply chain’s competitiveness in the long run. The leading-edge companies avoid such mistakes and attempt to make the supply chain as whole more competitive through the value it adds and the costs it

reduces. They recognize that the real competition is supply chain against supply chain. (Christopher 2005, 17-18.)

Lambert, Stock and Elram (1998) introduce supply chain as the alignment of firms that bring products or services to market and supply chain management being the integration of business processes from end user through original suppliers that provides products, services, and information that add value for customers. Supply chain management is defined being the management of all key processes across members of the supply chain. The key processes typically include: customer relationship management, customer service management, demand management, order fulfilment, manufacturing flow management, procurement, and product development and commercialization. (Lambert et al. 1998, 504.)

Supply chain management can also be defined as the integration and optimization of an organization's supply chain, involving automation of business processes that deliver a product or service to market. Supply chain management may assist in tightening integration and communication between a company and its suppliers. (Dyché 2002, 297.)

Key areas required for successful implementation of supply chain management are executive support, leadership, commitment to change, and empowerment. Supply chain management looks inside and outside organizational borders, analysing and seeking optimal locations where activities should be performed. Constant performance monitoring and evaluation is needed due to the dynamic nature of the business environment and management has to evaluate supply chain alternatives and implement changes when performance goals are not met. (Lambert et al. 1998, 504-505.)

The goal of SCM is to deliver enhanced customer service and economic value, which is achieved through synchronized management of the flow of physical goods and associate information, from sourcing to consumption. Effective supply chain management is about creating strategic alliances among firms which work together, share information, channel risks, and rewards that bears a competitive advantage and create customer value, which echoes with previous statements. (Mentzer 2001, 282-283.)

Logistics alliances (in a supply chain) provide capabilities to each firm to gain competitive advantage in various ways. For example, as each partner provides their own superior skills to do value-added activities within the supply chain, others can concentrate on their core business. In addition, a logistics alliance between a shipper and a logistics provider is a way of reducing operating costs and minimizing risks for all involved parties. A strategic alliance with a carrier offer shippers the possibility to contract long-term rates and service agreements. Shipper-carrier alliances also increase service reliability as by reducing the number of carriers, shippers can manage the information exchange and work out system problems more efficiently. Competitive advantage can be gained by pooling resources and skills in a supply chain which enables partners to perform various value chain activities at a lower cost or in a way that leads to differentiation. (Mentzer 2001, 283.)

As a part of logistics functions - the others being order processing, inventory and warehousing – transportation is the spatial linkage for the physical flows of a supply chain. Transportation is the mechanism that provides the physical carrying of goods across, between the components of a supply chain's complex functional structure and extensive global geographical structure and getting the goods to the right place at the right time. As demand information and forecasting are more available because of advanced information systems, transportation has the ability, at least partially if not fully, to replace static inventory in supply chains through goods in transit. More and more in supply chains today, the warehouse is on route. Speed and reliability in the supply chain's transportation function may not only reduce overall inventory levels but also empower more profitable supply chain-delivered value to satisfy customer. (Mentzer 2001, 246-248, 259-260.)

The companies that operate in transportation sector, that is, move the goods from a to b, can be broadly categorized as follows; 1) Hauliers or trucking companies; 2) Freight forwarders; 3) Non-vessel-owning common carriers or NVOCC's; 4) Couriers; 5) Integrators and 6) third-party logistics companies (3PLs). From these the 3PLs are close to the NVOCC concept, which refers that the company consolidates smaller shipments from various consignees into full container loads which the NVOCC then takes responsibility for. 3PLs provide the exact same service and more, which include in a broad sense: transportation; warehousing; pick and pack; light

manufacturing; vendor managed inventory; customs clearance; trade financing, managing reverse logistics; critical parts distribution; and inventory management. Since the mid 1990's the 3PL as an industry has undergone significant changes in areas such as industry size and make-up, service offered, geographical reach, and IT support. Also, the customers for 3PL services have grown bigger and have given a greater share of their logistics operating budget to 3PLs through larger contracts. (Mangan et al. 2008, 61-64.)

The underlying philosophy behind the logistics and supply chain concept is that of planning and coordinating the materials flow from supplier to end user as an integrated system rather than managing the goods flow as a series of independent activities. The goal is to link the marketplace, the distribution network, the manufacturing process and the procurement activity in such a way that customers are serviced at higher levels and yet at lower cost. (Christopher 2005, 13.)

2.3 Customer service in supply chain management context

Customer service is a key objective of supply chain management where the objective is to offer services that create value for customers which in turn lead to improved supply chain performance. To achieve this objective, supply chain managers need to manage customer service strategically and develop supply chain capabilities to deliver services viewed as important by customers. 'Only if the service that is provided delivers important value to the customer, the goal of customer satisfaction and differential advantage is achieved. (Mentzer 2001, 348-349.)

Customer service is the measure of how well the logistics system is performing in providing time and place utility for a product or service. An organizational view of customer service can be (1) an activity or function to be managed (e.g. order processing or handling of customer complaints); (2) actual performance on particular parameters (e.g. the ability to ship complete orders in the promised transit time); or (3) part of an overall corporate philosophy, in which an organization has a formal customer service function and various performance measures. (Lambert et al. 1998, 40-41.)

The logistics system's capacity to influence revenues is through services in conjunction with the delivery of a product to the customer. A key factor is to understand customer's need for service on delivery, after which goals for customer service can be determined. These goals, together with others, form the basis for the design and control of the logistics system. (Jonsson 2008, 81-82.)

Customer service strategy is needed in order to avoid inappropriate customer service policies and not to provide services that customers do not need or want. To establish appropriate customer service policies, a company can approach developing the strategy through 'consumer response to stock-outs', where the idea is to determine optimum service levels based on both the cost of providing service and the cost of sales lost as a result of service failures. (Mentzer 2001, 353-354.)

Another approach is 'cost/revenue trade-off', in which the firm determines the cost to provide additional services to customers, then weighs that additional cost against the revenue increases expected as a result of that additional service. In 'ABC analysis (i.e. activity-based costing)' approach, the idea is to determine the most profitable product/customer segments and to target those segments for higher levels of customer service. An approach called 'customer service audit' incorporates an external focus with an internal focus, where the idea is to identify the elements of service important to customers, examine the adequacy of the current offering in meeting the customers' needs, and implement policies that more effectively meet those needs. (Mentzer 2001, 354-355.)

In 'competitive position matrix' approach, the company must determine the services valued by customers, and then benchmark their service offering to that of the competition. A company can use all of the above mentioned approaches when developing its customer service strategy, but the key is to develop the strategy to for the supply chain as a whole in order to achieve improved service. (Mentzer 2001, 355-356.)

The importance of customer service to customers differs by situation. One customer may value information exchange in a situation where another values swift delivery.

In these situations the ability to segment customers (or supply chain partners) and offer different bundles of services to different customers in response to their specific needs is important. Situations where a firm is unable to offer the service required by the customer, such as incompatibility or conflicting capability, outsourcing to a third party can solve the potential problem. (Mentzer 2001, 356-357.)

The capability of a firm to appropriately access and utilize information about the customer is an important component of developing and implementing successful customer service strategies. As customer service is directly involved and in interaction with customers, customer service personnel have access to important information about the customer's problems, the degree of customer satisfaction, or even how the customer views the competition. Supply chain managers should encourage customer learning and ensure that the company has proper tools so that such information can be disseminated internally and to other supply chain partners in order to enhance customer service strategies or operations. Firms need to make realistic promises to customers in order to keep those promises, as well as build service systems and processes along with trained personnel to ensure organizational capability to deliver against promises. The role of customer interface staff is crucial in the communication and information exchange process in the supply chain. (Mentzer 2001, 360-361.)

In practice, customer service could be viewed under three headings: 1. Pre-transaction elements; 2. Transaction elements; and 3. Post-transaction elements. The pre-transaction elements of customer service relate to corporate policies or programs. (Christopher 2005, 48.)

Though not all directly related to logistics, these elements must be formulated and in place before the organization can implement and execute its customer service activities. These elements include, for example: 1. A written statement of customer service policy which for example defines service standards, and includes metrics for tracking service performance. 2. Customers are provided with a written statement of policy in order to let the customer know what to expect and safeguard against unreasonable expectations. 3. Organization structure which facilitates both internal and external communication of policies, performance, and corrective actions as needed. Customer should have easy and clear access to individuals within the organization. 4. System

flexibility refers to plans to successfully respond to unforeseen events. These pre-transaction elements are relatively stable and long-term regarding their nature in order to provide stability for the customer in terms of expectations. (Lambert et al. 1998, 43-46.)

Transaction elements are those customer service variables directly involved in performing the physical distribution function. (Christopher 2005, 48-50.) These elements are, for example, 1. 'Stock-out level' which measures product availability; 2. 'Order information availability' stands for customers having access to information relating to their orders; 3. 'System accuracy' refers to customers receiving accurate information, to avoid errors and inaccuracies which can be costly to correct for customers and suppliers; 4. 'Consistency of order cycle', refers to customers being more concerned with the consistency of lead times in regards to how long it takes for the customer to receive the goods or services from initial order placement; 5. 'Special handling of shipments' which refers to orders that cannot be managed through the normal delivery system due to unique shipping requirements. 6. 'Trans-shipment' refers to shipping products between distribution locations to avoid stock-outs. 7. 'Order convenience' which refers to user-friendliness in order placing. 8. 'Product substitution' refers to a company's ability to offer alternatives in a situation where the ordered product is not available. The transaction elements of customer service often receive the most attention, because they are the most immediate and apparent to the customer. (Lambert et al. 1998, 46-48.)

The post-transaction elements of customer service are generally supportive of the product after the customer has received the product and while it is in use. (Christopher 2005, 50.) Post-transaction elements have a large impact in customer retention and satisfying current customers. These elements include: 1. 'Installation, warranty, repairs, and service parts' which are an important consideration in almost all purchases, and should receive the same attention and as transaction elements. 2. 'Product Tracking' or product tracing, for example in order to inform consumers of potential problems, firms must be able to recall potentially dangerous products from the market as soon as the potential hazard has been identified. 3. 'Customer complaints, claims, and returns' refer to, for example, an organization having an accurate online information system with two-way communication to resolve customer complaints.

Corporate policies should be established to handle complaints as efficiently and effectively as possible. 4. 'Product replacement' refers to having a backup product temporarily available when the item is being serviced. (Lambert et al. 1998, 48.)

Depending on the product/market situation, some of these elements will be more important than others and there may be other elements than those listed above which have significance in a specific market. The underlying fact is that no universally appropriate list of elements exists; each market that a company services will attach different importance to different service elements. Due to the multivariate nature of customer service and the widely differing requirements of specific markets that it is essential for any business to have a clearly identified policy towards customer service. The sale will be lost to the competition, if the product or service is not available at the time the customer requires it and a close substitute is available. (Christopher 2005, 50.)

Customer service supports the 'place' element of the marketing mix by being the output of the logistics system and the key interface between the marketing and logistics functions. More importantly, customer service has a significant role in developing and maintaining customer loyalty and on-going satisfaction. The product, pricing, and promotion elements of the marketing mix create value added for customers, however, when competitors match the performance on those attributes, it is the customer service that really brings the customer back. When almost every other element of the marketing mix can be duplicated or matched, the satisfactory service encounter, or favourable complaint resolution, is one important way that the organization can really distinguish itself in the eyes of the customer. Logistics has the ability to play a key role in contributing to the organization's competitive advantage by providing superior customer service. (Lambert et al. 1998, 48-50.)

Logistics influences revenues by creating good customer service, with activities related to customer contact and delivery of products and services, whereas the logistics system contributes to customer service by creating a good delivery service, supplying information on material flows or other logistics services. Customer service comprises of different service elements which in different situations are more or less important. These elements include for example the period of delivery time, the reliability of

promised delivery time, delivery flexibility, and information exchange. Peripheral services, such as customer specific packages or labels and consolidation of different products, can have a positive effect on customer service. (Jonsson 2008, 9-10.)

“From the logistics point of view, customer service includes all those activities related to the flow of materials which create added value for customers” (Jonsson 2008, 84). These activities can be divided into the four time phases of the business deal, which are pre-order, from order to delivery, at delivery and post-delivery, as seen in Figure 3.

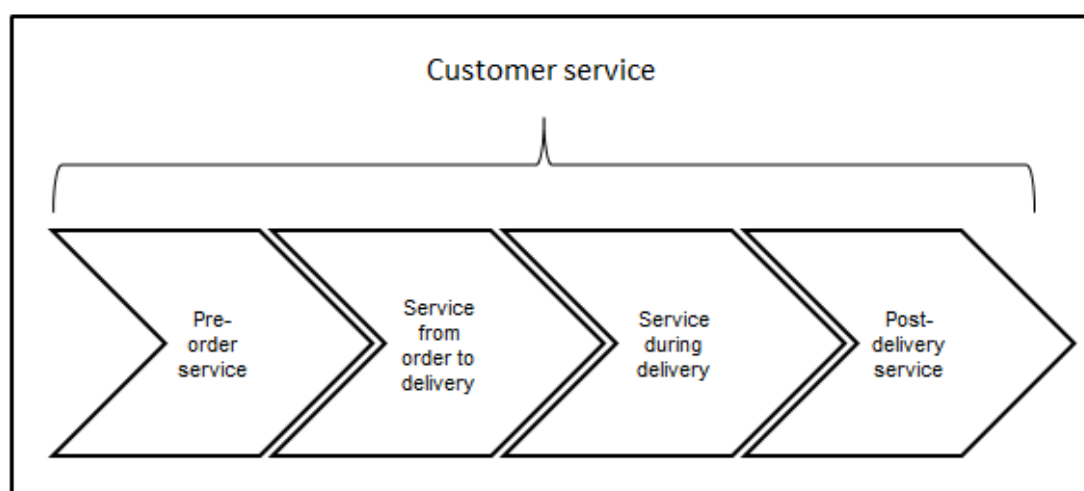


Figure 3. Customer service commitments in different time phases (Jonsson 2008, 84).

Pre-order customer service consists of providing the conditions required for a customer to place an order, including clear and clarifying information. From order to delivery phase, customer service includes the ease of order placing and to what extent the supplier can facilitate this process for the customer and adapt to the customer's preferences in terms of order procedures. It includes conveying information at an early stage about any delays in delivery times and the supplier's ability to handle changes in customer requirements at short notice. During delivery itself customer service is for example the length of delivery times and to what extent promised delivery times can actually be achieved. In post-delivery customer service, services such as the possibility of tracking the original materials used in delivered products

are included, as well as spare part service, handling of claims and returns, and the processing and recycling of used products and packages. (Jonsson 2008, 84-85.)

Service delivery takes place during the phases ‘order-to-delivery’ and ‘delivery itself’. Service delivery consists of a number of elements which vary in different situations. The most common delivery service elements are: 1) Inventory service level – to what extent stock items can be delivered directly from stocks to customer from customer orders; 2) Delivery precision – to what extent the delivery takes place at the delivery time agreed with the customer; 3) Delivery reliability – a measurement of the quality of delivery in terms of the right product being delivered in the right quantity. 4) Delivery time – the time elapsed from receipt of customer order to delivery; 5) Delivery flexibility – the ability to adapt to and comply with changes in customer requirements in agreed and already on-going orders. (Jonsson 2008, 85.)

The logistics system, in addition to creating good delivery service, influences customer service by supplying information on the flow of materials and offer logistics-related services as a complement to actual delivery. Information refers to all information that may provide added value to the customer, such as information on delivery times before order placement, delivery quantities and stock balance. From order to delivery and during delivery it includes information on any delivery delays and processing status in production, and tracking during transport. Information after the delivery may include, for example, information about spare parts. Logistics-related services which have the ability to provide customer value are, for example, the ease of order placement, and the option of having special packaging. (Jonsson 2008, 90.)

The level of customer value that a company delivers will ultimately determine the success or failure of any business. Customer value can be defined as the deviation between the perceived benefits that flow from a purchase or a relationship and the total costs incurred. Also, the benefits that are perceived to flow from the purchase or relationship will often outweigh the tangible product features or functionality. For example, between two competitive products with little difference, one can reign superior in terms of the customer support that is provided, giving it competitive advantage. (Christopher 2005, 46-47.)

The customer service level provided to customers determines whether the organization is able to retain existing customers and how many new customers it will attract. Companies cannot afford to offend its customers in today's markets when customers have a variety of choices. The level of which an organization provides its customer service has an impact on its market share, its total logistics costs and, ultimately, its overall profitability. Therefore, it is of utmost importance that customer service be an integrated part of the design and operation of all logistics systems. (Lambert et al. 1998, 40.)

3 BUILDING AND MAINTAINING CUSTOMER RELATIONS IN THE SUPPLY CHAIN

This final theory chapter discusses the subject of customers and their importance to businesses. Customer life cycle is discussed as well as customer relationship management, and how customer service is involved in maintaining customer relations. The chapter concludes with the subject of customer evolution and retention, that is how to keep customers coming back to one's business and not leave for another.

3.1 Customers and customer life cycle

Customers are an essential and the most important resource for companies. Without customers business cannot be conducted. And because the world is constantly evolving and the competition between companies is intensifying, creating and maintaining customer relationships is even more than important than before. As customers have more alternatives and because the internet allows a wider price comparison, the customers are more assertive about their needs. Therefore creating customer relations is more difficult and requires more resources than before. (Kotler 2005, 19.)

Customers are company's true capital, therefore companies should focus and invest in customer relationship management (CRM). In order to have successful customer relationship management, understanding and identifying customer needs is key. A

company that has the best feel of customers is one that is capable to predict the customer's purchasing behaviour and is able to act accordingly. (Mäntyneva 2003, 15.)

CRM aims to highlight the active decision-making on which customers the company should invest in. With the help of CRM, the company is able to modify its' marketing communications to a customer-oriented direction and create the kind of customer value, that maintains the company's customer profitability. With CRM the company strives to understand the needs of its customers and to explore their purchasing behaviour, and after identifying them the company will be able to target their marketing communications towards the right customer segment. (Mäntyneva 2001, 11-12.)

The objective of CRM is to acquire new customers, retain already existing and activate these to purchase more products or services. From CRM's perspective, customer life cycle, as seen in Figure 4, can be divided into four phases: acquisition, takeover, development and retention. What usually makes customer profitable is the length of the relationship and the growth of the purchases. Typically the most profitable customers are loyal customers, as there are no costs of acquiring new customers involved with them. (Mäntyneva 2003, 16-18.)

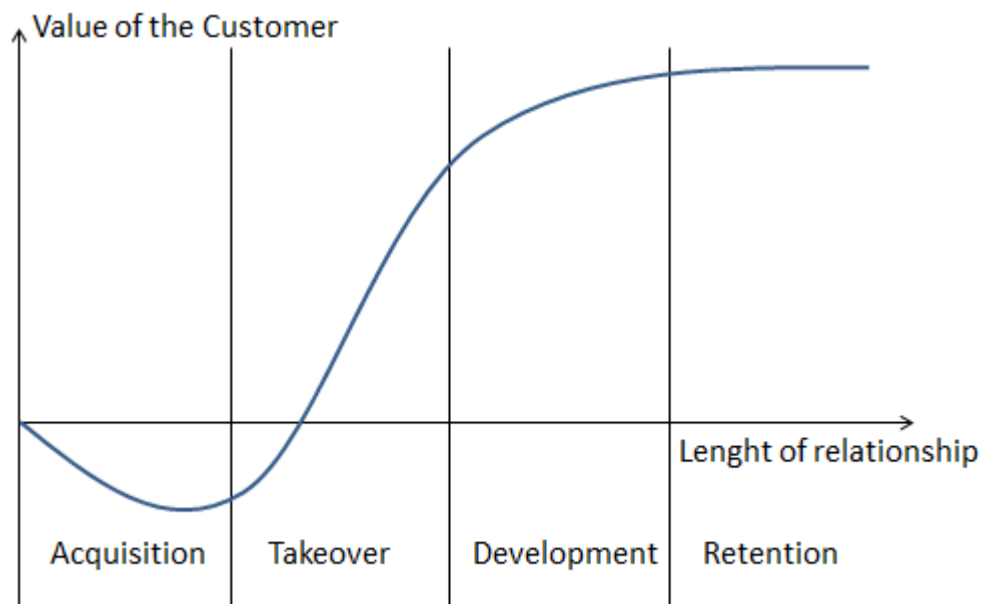


Figure 4. Customer life cycle phases (Mäntyneva 2003, 17).

Customer relationships are first and foremost interaction, and from value adding perspective it is during the interaction when value is created for the customer. The interaction varies during different phases of the customer life cycle because the relationship with the customer evolves and the interaction changes and deepens during time. (Korkeamäki et al. 2002, 139.)

Lambert et al. acknowledge an on-going business concern, where too often the emphasis is on winning new customers and gaining new accounts, whereas successful implementation of the marketing concept requires that companies both win and retain customers. The objective of the firm is still to make a profit, but as a prerequisite, the firm needs to establish service policies and programs that will satisfy customers' needs and deliver them in a cost-effective manner, that is, customer service. (Lambert et al. 1998, 41.)

Understanding and identifying customer needs is essential for successful customer relationship management. New customers are more sensitive than those that have lasted for years. When an account has been opened, the aim is to activate the client to buy more products or services from the company. (Mäntyneva 2003, 15-16.)

During the activation phase, the entire product and service portfolio is utilized in order to meet the customer's needs. The aim is to increase the customer's purchasing volume to a larger level, so that the company does not have to sit back and wait to see if the customer needs to buy more. When the customer is in the mature stage of the life cycle, the focus should be on customer retention and recovery. The hope is that the customer concentrates its' purchases to the particular company. One of the aims of CRM is to rapidly identify customers who do not have potential of becoming profitable. (Mäntyneva 2003, 16-17.)

3.2 CRM in customer life cycle

What make customer relationship profitable are the length of the relationship and the growth of the purchases. Loyal customers tend to be the most profitable and they do

not carry the costs of acquiring new customers. The aim is to grow the amount of customer's purchases with discounts and other targeted actions. Active customer loyalty cannot be bought from the customer, and it is born if it is meant to be born. Customers should be segmented as other customers are more financially profitable than others. If the customers are not segmented, they should be treated equally. (Mäntyneva 2003, 18.)

In the beginning it is important to motivate new customers to try out the company. The objective is to increase the number of customer purchases, and on the other hand also give the customer a feeling that there is a genuine interest towards them as a client. The main objective, however, is committing the customer to buy and to return to the company and to act as a reference to their inner circle. (Mäntyneva 2003, 18.)

Transporting the customer relationship through the life cycle and its' various phases could be considered CRM's challenge. First the customer is acquired, after which the attempt is to grow the customer's purchases in order to change the relationship profitable. After this the attempt is to strengthen the customer relationship by actively emphasizing customer loyalty. In the most mature phase of customer life cycle, the attempt is to retain the most profitable customers. Customers can be approached by using different marketing channels and target appropriate products for selected customers. Although the aim is to achieve the sales and profitability goals, the company should remember to increase the value of customer relationships. (Mäntyneva 2003, 18-19.)

3.3 Customer evolution and retention

It is possible to make plans and operational models which aim to develop and deepen customer relationships. The starting point for marketing should be the customer related volume and profitability potential. A committed customer is full of profitability potential. By focusing more on customer relationships, enhancing relationship marketing and developing customer relationships enables the company to identify the potential and reduce the customer losses. (Mäntyneva 2003, 21.)

Customer retention is based on a deep understanding of customers. Knowing the customers and their needs is vital. With the help of modelling the objective is to identify those customers that are either changing or finishing their relationship with the company. By combining the above with the economic profitability and potential analysing, a company can make better decision regarding customer retention. Conclusions such as, how much should be invested in the customer relationship for it to retain, can be made. The objectives can be better achieved when the needs of the customer are understood. (Mäntyneva 2003, 21.)

When designing a customer retention program, it is necessary to pay special attention to the criteria that indicate what type are those customers who really want to be retained and kept as customers. By examining the purchasing history of the entire customer base, the customers who fill the best criteria can be identified. The problem that remains is by which means the company will retain its best customers in the future. (Mäntyneva 2003, 21.)

Changes in customer buying behaviour can indicate a possible intention to change supplier or service provider entirely. Possible signals can be customer complaints or reduction in sales. These facts can serve as alarm signals for the company. It is worth remembering that every customer is not necessarily worth retaining from an economical perspective. (Mäntyneva 2003, 22-23.)

Generally, it is thought that customers that are satisfied with their supplier are also loyal. However, of those customers who change their supplier, about 70 per cent are satisfied with their supplier – they just change. Customers also do not complaint about their discontent, but still they change their supplier in about 90 per cent of the cases. It is a challenge for the company to retain those customers who do not complain and are, in fact, unhappy, but still profitable and worth keeping. (Mäntyneva 2003, 23.)

Lambert et al. view the issue from logistics point of view and acknowledge that winning customers is very expensive, and therefore the focus should be in keeping existing customers. Logistics function should be concerned in determining what customers need in terms of customer service levels and delivering upon those needs in a

cost-effective and efficient manner. ‘Doing it right the first time’ should be the goal in order to prevent complaints from ever occurring, as there is a high risk of losing customers who get tired of complaining and then share their bad experience with their associates. (Lambert et al. 1998, 42.)

However, the complainers can be a valuable source in terms of potential learning. They may unveil the organization to a problem which, if addressed and corrected, could reduce future complaints and help retain other ‘non-complaining’ customers who otherwise might have simply walked away. Important to note, that if handled well, complaining customers actually become more loyal and will more likely continue doing business with that organization again. Therefore quality in customer service in every step of the way is critical in achieving high levels of customer service, which in turn contributes to high levels of customer satisfaction. (Lambert et al 1998, 42-43.)

Investing in activities related to customer satisfaction and customer retention can be considered as the most important factors in prolonging the duration of the customer relationship as well as customer loyalty. Factors that cause customer dissatisfaction must be reacted with enhancing measures. CRM should invest in actions that prolong the customer relationship. (Mäntyneva 2003, 24.)

4 RESEARCH METHODOLOGY

This chapter introduces the two research methods, qualitative and quantitative research method. The chapter continues by discussing the method used to conduct the research as well as how the data was gathered. Knowledge about the chosen interview, the interview content, and the interviewees are brought into light.

As a method qualitative research focuses on the quality of the research material that is studied. The objective is for the re-search material to assist in understanding the

subject or phenomena. Qualitative re-search does not aim for generalization, instead the intent is to call in to question, for example, ‘old’ ways of thinking, and also aim to explain phenomena’s in a way that allow a possibility to think otherwise. (Vilkka 2005, 126.)

If qualitative research is all about quality, its’ polar opposite is quantitative research, which is about quantity. Quantitative research method can also be called a statistical research method. The research method is used to clarify questions related to numbers and percentages. The results obtained from the data are intended to generalize to a broader set and they can be illustrated by figures and tables. (Heikkilä 2008, 16.)

The nature of a qualitative study is a comprehensive procurement of information and the data is collected in natural as well as real-life situations. The study favours people as a data collection instrument. The target group is appropriately selected and a random sample method is not used. Qualitative methods are used in material procurement, in which the views and voices of those who are being studied can be expressed. The researcher's goal is to reveal unexpected aspects by using an inductive analysis. To test a theory or a hypothesis is not the starting point, but a complex and detailed examination of the material. (Hirsjärvi et al. 2010, 164.)

4.1 Argument for the method selection

This study is conducted as a qualitative research. The commissioning company DGF required information about how the report overhaul had been received by its’ customers. A short and rudimentary feedback was attempted to gather from the customers in a quantitative method of sorts during autumn 2015 by attaching a short survey as an appendix on an email in which the actual report was sent to customers. The approach had zero results, as either the link to the survey was confusing or that the customers did not want to partake at all. As DGF wanted to understand its customers and their needs, while also receiving direct feedback and opinions from its customers it was decided that a smaller focus group would provide the desired answers and also where the customer could be heard directly, not via questionnaire or survey.

An important task of a study conducted in a qualitative research method is to be emancipatory. Thus, those that have been studied should gain more knowledge about the subject as a result of the study, which should then lead to them having a more positive approach and thinking towards the subject in question. (Vilkka 2005, 103.)

4.2 Data gathering and analysis

A focused interview as an approach for gathering data can be carried out as a face-to-face or as a telephone interview. The reply-rate for these interviews is high, which helps in collecting the data received from the target group. The strength of a focused interview is the ability to gather deep and quality research data. (Mäntyneva et al. 2008, 71.)

In focused interviews the interviews are targeted specifically with certain themes, which are discussed. It is essential, that instead of detailed questions the interview progresses relying on the key themes, thus enabling for the interviewee's opinions to be heard. In focused interviews, questions lack a specific form and order, which enables the key views and meanings of the interviewee to be properly attended to. A focused interview is closer to unstructured than structured interview. A focused interview is a semi-structured method because the interview topics are the same for all. (Hirsjärvi & Hurme 2000, 48.)

Telephone interviews were selected to carry out the focused interviews, as they were a more convenient way to contact the customers. Also, by conducting the interview via telephone would cause little disturbance for the customer in comparison to a face-to-face interview which would require a lot more scheduling and an actual meeting.

The interview was split into two themes, the first – perceived experience and areas of improvement - covered how the customers perceived the new report. In addition to finding out the strengths of the report, the objective is to discover potential weaknesses or deficiencies in the report as well as finding out what the customers are looking for regarding the content of the report. The second theme, usage, deals with the utilization of the report and its distribution in the companies. The objective is to

find out for what purpose the report is used and who use it. The final question regarding the report wanted the interviewees to rate the importance or usefulness of the report in a scale of 1 to 5. With this question the aim was to seek a clear-cut result for the necessity of the report and in addition to compare the results with interviewees' previous answers.

A raw version of the interview body was ready in the beginning of December 2015 which was examined, modified and approved in a meeting with the manager of DGF's Business Performance. The questions were then displayed during a thesis seminar for the thesis supervisor Ari Vahteristo and for an audience in mid-December, and an approval was received with the permission to carry out the interviews. Feedback was given by the audience regarding the wording and it was taken into consideration. The interview was tested in the workplace in simulated scenarios with colleagues to find out an estimate of the time it took to carry out the interview and if there were any flaws in it.

The research was executed by interviewing 15 DGF customers who either receive the transportation report monthly or quarterly. The companies were chosen both randomly and also consciously by selecting a few big volume customers. The companies that were chosen to be interviewed receive the report either monthly or quarterly, which prompts a stronger necessity for the report in comparison to the customers who receive the report twice a year. None of the interviewees were previous acquaintances thus making the profile creation more difficult. The interviewees consist of both women and men. The interviews were recorded for later transcription with permission from the interviewees. The profiles are found in the appendices.

All of the interviewees were at their respective workplace during the interviews. The interviewees had an option to re-schedule the interview if the timing was inappropriate or otherwise bad, as was the case with a few interviewees. Also, workplace setting can potentially have unwanted noise that could distract the interview, but luckily there was no noise that bothered any of the interviews. The interviews were mainly carried out both before and after midday, while two of the interviews took place in the afternoon. The tone of voice used was calm and relaxed and the interviewees had proper time to answer. The themes carried the interview forward with the help of ad-

ditional supporting questions. The average interview lasted for five minutes. The interviews took place in February-March 2016.

5 RESEARCH FINDINGS

The interview begun with a question about the interviewee's opinion regarding the content and outlook of the report. Depending on how comprehensively the interviewee answered to the previous main question, supporting questions probed on issues such as defining the positive areas in the report, areas of improvement and whether the interviewee found the report lacking crucial information or that there was something in excess. The second main question wanted to know how the interviewee's company used the report and for what purpose. In addition, supporting question asked who besides the interviewee received or used the report. Finally, the interviewees were asked to rate the report's importance or usefulness to their company on a scale of 1 to 5, where rating 5 signified very important or very useful.

5.1 Perceived Experience and Areas of Improvement – Theme 1

The topic addressed how interviewees viewed the new report. They were asked about their opinions regarding the content and outlook of the report. The recurring words used to describe the report were “easily understandable” and “clear”, which were used by 8 interviewees out of the 15. A rather large portion of the interviewees were pleased with the report's content and therefore had no input on improvement ideas.

“The new report has been a lot more clear and better than the old version. All the information we need is in it. We do not require anything else, nor is there anything unimportant as all the relevant data is incorporated. The report looks good and the excel-form assists when comparing the data to our own excel-based tracking data from our ERP.” (Interviewee 1)

“The excel version has been really easily-understandable. There is no unnecessary information in the report.” (Interviewee 2)

“The new version of the report has been a lot clearer than its predecessor. The data is similar compared to the old report, but it has been presented in a more understandable way. We have gotten used to seeing the report as it is and receiving all the necessary information out of it, therefore no shortages come to mind. There really is nothing unnecessary in it, so everything in it is good and I would not leave anything out.” (Interviewee 4)

“We receive sufficient amount of information from the report. We are pleased with the content and outlook, the report is easily understandable and you can find the information effortlessly. It is by far better than the old version. We get all the information we need, so no shortages come to mind.” (Interviewee 5)

“The reform has been good as the report is clear and easily understandable. There is nothing that is missing regarding our needs, nor is there anything unnecessary. The first thing you look on it is the ‘Main’-page which shows you the trend and which freight-mode (ocean or air) has been dominant. After that you proceed to the detailed data for further inspection.” (Interviewee 13)

“The ‘Main’-page is delightful as it is clear and simple. With a quick look one receives a good picture of the shipments and if you are interested in a detail-level, you are able to do it in the other pages.” (Interviewee 8)

Although the interviewee above gave positive feedback for the report, there was also critique regarding the amount of information as well as the content which was expressed below.

“There is a lot of information and content for the eyes that you always do not have the energy to watch when there is too much of it – you get an information overdose. There is unnecessary information and for those who are not familiar with excel the pivots are not self-explanatory. However, there is nothing missing (regarding the information) that would be important for our company.” (Interviewee 8)

Most of the interviewees gave their feedback on a general level which was expected, therefore when some interviewees took their feedback to a more detailed level it was a welcomed point of view from the interviewer's side.

"The 'Main'-page is very clearly displayed with its colours. The pivot tables are sorted with destinations/origins which is very good. The data sheets have a good amount of information, especially as it includes dates, months, from-to information and one can easily count weight averages from the actual and chargeable weight columns, which is good. The data is very good." (Interviewee 14)

The 'Main'-page, which displays the customer's key data, that is, number of shipments, shipment weights and costs in EUR, in bar charts received some more attention in the next segment when the interviewee expressed their overall satisfaction.

"The 'Main'-page provides all the information in a quick and easy way. We get everything out of the report. You can easily see the waybill number, where the shipments has come from, etc. All the data I need is in the report." (Interviewee 12)

One interviewee pointed out that the report might look different had it more data (shipments) in it. This was a valid observation as the report's datasheets that contain the actual data are easy on the eyes when only a few rows are in them.

"The content and outlook is just fine. Pretty much all the relevant data is there, but due to the low number of shipments we have had it is difficult to say if there is some information that is missing or unnecessary." (Interviewee 3)

Only one interviewee brought into light the difficulty aspect of change, where one has become accustomed to a certain type of report which then is changed completely, resulting in one having to adjust and adapt to the new outlook.

"In the beginning the report seemed confusing, but as you have learned to use it and become more familiar with it, you understand and find the information you are look-

ing for. The content and the outlook is good and nothing is missing from our perspective” (Interviewee 6)

Besides the interview being just a source for feedback, it was a pivotal chance to educate the customers about the report, ergo if they had questions or misunderstanding about it. Such a scenario occurred during one interview where the interviewer had an opportunity to give a tutorial of the report.

“The content is clear and it is fine, but the pivot-sheets are confusing both by their labelling and outlook. They are funny looking and placed erratically. Other than that the report is very easily understandable. (Interviewee 15)

At this point, supplementary questions were asked in order to find out more about the customer’s unfortunate experience. The questions revealed that the customer had thought that the pivot-sheets were actually intentioned for DGF’s internal purposes and that was also why the labelling of them was confusing. To clarify this misunderstanding, the customer was given an explanation of the labelling and also a short tutorial of how the pivot’s function.

To clarify also for the reader, a pivot table is a tool in Excel which summarizes data from a spread sheet, in this case from the sheets containing the actual shipment data. For example, a spread sheet containing 400 rows of different ocean import shipments from various origin countries can be summarized on a pivot table by sorting the pivot table according to origin countries or any other criteria. The pivot table can be customized to display whatever data is in the spread sheet which then can be counted, totalled or averaged depending on what is preferred.

After receiving the above mentioned information the interviewee tried the pivot table again.

“Ok, I see. You are able to edit and sort the information you want to be dis-played. Well, the outlook is still a bit funny but besides that it works out fine. There is nothing missing data-wise, meaning that there are all the events, weights and euros,

which is the most important factor. And because it has all the shipments separately, it is very good.” (Interviewee 15)

When discussing about areas of improvement, that is, does the report lack of something or alternatively is there something in excess, the interviewees were generally satisfied. Although there was not one truly negative feedback, the interviewees brought out a few areas where the report could be enhanced. An interviewee singled out a need that would be a welcome addition to their company.

“Regarding the content, they would appreciate a more substantial monetary breakdown of the costs. For example, with import shipment, separate cells that would separate the costs of customs clearance, customs tolls and customs VAT, would be greatly appreciated.” (Interviewee 9)

The interviewee further elaborated that they have had to request supplementary reports (in addition to the transportation report) from DGF, because the data in the report has not sufficed with its’ monetary information. Even though the interviewee was able to pinpoint an area of improvement that is of significant importance to their needs, she ended her comment with a positive note.

“It is great that there is a lot of data so that the report can be used for many purposes. There is no waste in the report.” (Interviewee 9)

The readability of the report came up with one interviewee, where it was also revealed that some information that is “taken for granted” by the makers of the report, are not that plain and simple for the reader.

“The report is good, but the readability could be improved, meaning that what is presented could be found more easily. All the data is there, but for example it is unclear in which currency the costs are displayed in. The report is slow to read, but the amount of data is sufficient.” (Interviewee 10)

Some shortages or areas improvement were brought out by the customer already knowing that those improvements could potentially be tricky to establish. The prob-

lem was not entirely DGF's fault, but appointed by the customer towards the beginning of the supply chain.

"One shortage that is, but could practically be difficult to add in to the report is our purchase number. It would help our tracking, but it has always been a problem because our suppliers forget to inform DGF about them." (Interviewee 2)

Two interviewees stood out and are here placed separately. The first was interviewee 11 who was not eager to answer to the questions and stated in the beginning that the report is purely "nice to know" information for them. As the interviewee's tone of voice indicated an unwillingness to reveal much more than that, no feedback was received regarding the outlook or content of the report.

The case with interviewee 7 was peculiar. When contacted the first time, it was revealed that they had not received the report for some time. The interviewee remembered the old report but could not recall the time they had last received it. Nevertheless, the interviewee was interested in the new report and also in taking part in the study. A new time for the interview was scheduled depending on that the issue for the failing report deliveries would be solved. The customer was active in the report receiving list, but the fault was a misspelling in the customer's email address. After correcting the mistake, the latest report was sent to the interviewee with apologies on behalf of DGF. It must be mentioned that once the interview took place, the interviewee was looking at the report for the second time.

"The pivots seem clear and easy to read, albeit I guess it depends on the number of shipments on them. Does the clarity suffer when there are dozens of shipments" (Interviewee 7)

When the above was said, the interviewee was looking at a pivot-sheet which had only a few shipments. The interviewee then proceeded to another pivot-sheet where there were dozens of shipments and found out which kind of effect they have on the table.

“With multiple shipments the pivot table expands larger than the screen size and one has to scroll a lot. It also affect printing, as it would print on multiple pages so that is not very user-friendly. If the data could be fitted into one page it would be better. The shipment data itself is good, no shortages in the content. I like to see the shipper-and weight-information. I also like the filters on the header-row, where you can sort out what you are looking for.” (Interviewee 7)

5.2 Usage of the report – Theme 2

The next theme “Usage” discussed how and for what purposes the report was being used in the companies, as well as who used it. The latter wanted to discover if the report is sent beyond the recipient list to which DGF sends the reports. The question was asked respectfully fully knowing that not all interviewees would be eager to share their company’s internal matters. Two most frequently used words by the interviewees were “tracking” and “comparison”. 8 interviewees out of 15 answered tracking being the report’s main function for them.

“It is very useful, being in Excel and all, to quickly check how many containers have arrived by which supplier, and that are some containers already on route.” (Interviewee 2)

“We use the report for tracking. The report is also sent to our global purchasing manager who is also responsible for logistics.” (Interviewee 3)

“We track and compile statistics regarding shipment volumes in kilos and in EUR-size. We mainly track the directions from which our shipments are moving.” (Interviewee 6)

“We use it for monthly tracking where we track shipments based on their destination. We also use it for our internal tracking and the report is sent wherever it is needed in our company.” (Interviewee 9)

“The report is only used for tracking, that is, that the shipment trend is going where we thought it would go. The report is sent to our accounts receivable department and also to our two owners.” (Interviewee 10)

“We use the report for checking and tracking for the shipment trends, which way they are going, how they are growing. The report is not sent any further.” (Interviewee 12)

“I take care of the logistics and purchasing, so I am looking at the trends from the report. I share the report with our purchasing department, purchasing manager and also with our product designers.” (Interviewee 13)

An environmental aspect was important for on interviewee’s company as in addition to the normal tracking, the report had an additional purpose with its’ tracking function. This aspect did not come up with any other interview and was a very interesting knowledge for DGF which has its’ own programs to reduce pollution and waste in the environment.

“We track the air freight portion out of our far-east shipments because we have an environmental goal to reduce the amount of air freight used in our shipments, so that we could focus out more on ocean freight. We keep track and compare the relation between air and ocean freight which you easily do with the report. The report is only in my use, and I summarize its’ content to our key performance indicators.” (Interviewee 5)

The cost of freight, that is, how much does it cost to export or import a shipment from Finland is an important piece of information for DGF customers. The report includes the freight cost on a shipment level deducting the VAT and the costs of customs clearance. Surprisingly, only a few interviewees emphasized the importance of freight costs when describing how they utilize the report.

“Specifically we track EUR-amounts monthly which are then used in our annual planning when we make budgets for the following year. We track and compare the freight costs to previous months and also against year-to-date numbers. We compare

the data against our other internally followed statistics, for example the correlation between purchase orders and ocean freight EUR-amounts. Besides me, the purchasing and logistics manager uses the report. Data is taken from the report and used as a base for further reporting inside our company.” (Interviewee 4)

“We (use the report to) compare freight costs, that is, how much freight have we bought. Also, we take data from it to an annual report about export shipments. The (DGF) report is already sent to our CEO and Logistics coordinator in your mail-list, and in addition we send it to our Logistics manager.” (Interviewee 8)

“It is used to compare shipments and for cost analysis. For example, by looking at the number of shipments, weights and costs, we are able to make decisions whether to send more weight in one shipment or to send multiple shipments.” (Interviewee 7)

Companies usually keep track of their shipment also internally by using the software and tools that are available to them. Advanced ERP software programs are able to provide the companies using them the exact data they require for their tracking, in which cases the DGF report serves as a supplementary information to which one can compare the data to.

“We tend to use our own tracking data from our ERP, but we do use the report to compare your numbers and data with ours. The report is mainly in my use, although my chief (Logistics manager) might sometimes have a look at it. (Interviewee 1)

“The report is primarily used as a comparison, as we get our own internal report from our head office to which we compare the suppliers’ reports. We send the (DGF) report to anyone who asks for it – globally.” (Interviewee 14)

For some, the report does not necessarily serve a certain purpose. For an importing customer such as Interviewee 15’s company, the tracking part is already being done as the report consist of import shipment that have already been imported and delivered.

“We do not use the report all that much. Of course, when we start pondering about the costs and get an offer for a shipment, we compare that offer to previous shipments. Mainly I use the report to see whether air or ocean freight is more feasible. The report is mainly in my use.” (Interviewee 15)

Interviewee 11 made it clear already in the beginning of the interview that the report has little use to their company.

“We do not use the report at all. It is just a nice-to-know piece of information that is glanced.” (Interviewee 11)

5.3 Summary of Research Findings

The interviewees were pleased with the new report in general. A majority of the interviewees were pleased about the report’s data content as well as the outlook. The reports clarity received a lot of praise and it was mentioned by several during the interview. The interviewees described the report easily understandable in comparison to the old version of the report and many were pleased that it is in Excel. For many, the amount of information shown on the report sufficed and only a couple of interviewees found the report having unnecessary information.

Besides the report receiving critique regarding unnecessary information, feedback was also given towards Excel and pivot tables. The interviewees pointed out that not everyone is that familiar with excel and even less with pivot tables. Also, the labeling of the sheets, mainly the pivot-sheets, received criticism due to them not being clear. The pivot-sheets were also mentioned being odd-looking and their layout erratic. Another issue with the pivot tables was them expanding on multiple pages which hurts the printing of the report. The readability of the report was mentioned being poor by one interviewee, indicating that finding what one is looking for is difficult.

In addition to the above, a few areas were found where improvement would be welcome. Cost breakdown was brought up meaning that the customer would like specific costs to be broken down to own columns. One interviewee requested that their

purchase order number could be added to the report, which would help them track and navigate in the report. The author notes that these requests did not come as a surprise, as both of these issues have been tried to solve without reaching solutions, at least for now.

Question about how the customer use the report revealed that its primary two functions are to track shipments and compare shipments to other shipments. The comparison function assists customer in spotting trends as well as to compare costs between shipments. The report has a role to play when budgets are planned and for one customer, the report indirectly aids them with their environmental goals.

The final question was a light hearted rating of the report's importance and/or usefulness for the customer on a scale from 1 to 5, where 5 represent very important or useful. If the customer would answer 1 or 2, an explanation would be asked to be given of why such a low number was given, unless the customer had already explained the reasoning during the previous questions. The rating system would also serve as a comparison point to the interviewees' earlier feedback. The ratings given by the interviewees are shown on the bar chart below.

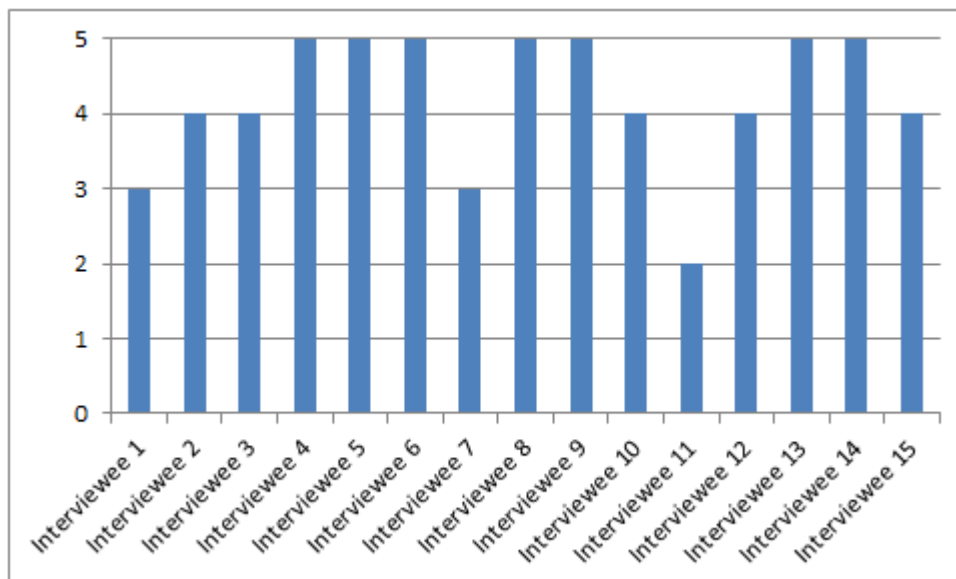


Figure 5. Importance and/or Usefulness of the Report on a scale 1-5

As shown in the Figure 5, the report was rated as a 5 by 7 interviewees meaning the report is very important or useful to them. The rating 4 was given by 5 interviewees which also indicates a high score of importance of usefulness. Only 2 interviewees rated the report with a grade of 3, which is logical as interviewee 1 uses their company's own ERP based data as their primary tracking tool where the DGF's report serves as a comparison. The other rating the report with 3, interviewee 7, stated that he gives a 5 for wanting the report, but a 3 for its usefulness, as it is read through once and then forgotten. Only one interviewee gave the report a rating of 2. No further explanation was asked because interviewee 11 has already explained that the report is purely nice to know information which is glanced. The report received an average score of 4,2 out of 5, which leans heavily on it being important and useful for the customers. Below are a few of the comments given by the interviewees after they had rated the report.

"I would really not part ways with the reports information. All the necessary data has been summarized in to it." (Interviewee 4)

"Even though the report has unnecessary information for our company, it is still very valuable to us." (Interviewee 8)

"It would be great if we could receive reports like this one from everybody." (Interviewee 14)

Finally, before thanking the interviewees for their time and participation, they were given a free word, where the customers could give feedback or ask questions regarding anything. Mostly the interviewees had nothing but positive to say, for example expressing how well the cooperation is working or that everything is going as planned and that they are able to give feedback easily through their contact person.

"Everything is working out well and the report template is great." (Interviewee 9)

One interviewee (Interviewee 4) pointed out that it would be appreciated if there would be pro-activeness regarding new reports in the future, meaning that DGF should proactively inform customers if there are new or additional reports to be had,

so that the customers do not have to ask for them. She could not tell what type reports they could be, but that the customer would appreciate if information about new report availability would be shared with them.

6 CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion and Recommendations

The objective of this research was to find out how the customers of DGF have viewed and met the new transportation report, whether it has demand among the customers and how it could be further improved.

The general consensus was that the report overhaul has been successful. For many the new report is much clearer than its predecessor and the report is easily understandable. The conversion from a read-only PDF-file to an Excel-file was also a welcome change, providing the customers a change to work on the report themselves by sorting and filtering out relevant information. The amount of information displayed on the report was sufficient for most of the interviewees and there was no unnecessary data which could be dropped out.

There is definitely demand for the report. When interviewees were asked to rate the importance and/or usefulness of the report on a scale from 1 to 5, the average score was 4,2. Even interviewees who use the report very little wanted the report. The reports role for the customers is to function as a tracking tool for their shipments and also serve as a comparison tool where they can do cost analysis and monitor trends.

According to the results, the report could be improved both in its content and outlook. The reports readability and labelling received critique which has to be assessed and corrected. The pivot tables received also feedback for being erratic with their layout. This must be considered and taken action upon, although the author would like to note that there is a reason for their current layout. Nevertheless, the problem is cosmetic and should be fixed without too much harm to the rest of the report. A via-

ble option to overcome some of the above issues would be to add a info or a manual page on the report, where the content would be explained and instructions given on how to work with the pivot tables.

Improvement ideas also featured breaking down the costs column and adding a customer specific purchase number. Both of these ideas are known problems which require large modifications to the system that provide the data for the report. These are under investigation and DGF is attempting to solve them.

6.2 Reliability and Validity

The reliability and validity of a research make the research trustworthy. Reliability refers to the degree to which the findings of the study are repeatable. A research with a good reliability could be repeated by another author and come up with similar results. Validity then implies to whether the research has been able to measure what it set out to measure. Overall, the reliability and validity of this study are good. (Metsämuuronen 2006, 56.)

None of the interviewees were familiar with the author, thus giving them freedom to express their opinions without having to worry about the authors feelings and unintentionally answering towards the authors favour. All of the interviewees were familiar with the report and were aware of the report's importance to them, thus giving them no reason to answer falsely or inaccurately. The interviewees were explained before the interview that one of the goals was to seek improvements to the report therefore giving the interviewees no reason to hold back in their opinion. Recording the interviews and transcribing them improved the reliability of the study, as the author was able to return to the finding when needed. The number of interviews was decent (15) from which generalizations could be drawn and which improves the validity of the study.

The interviews were not pre-scheduled thus giving the interviewees no time to prepare for the questions as they could not receive them in advance or see them during the interview. This could weaken the reliability and validity as well as the fact that

the unscheduled phone call could easily sound like a telemarketing call. The timing of the calls was during working hours therefore not interfering with the interviewees' free time. The interviewees were asked if the timing was inappropriate and in those cases another time was scheduled, thus giving the interviewees a choice whether to partake in the interview and when. Also, none of the interviewees requested to see the questions first, which of course would have been done. Because the interviewees answered to the questions on the spot beacons their answers were honest and truthful. The interviews were an open conversation in which the interviewees had proper time to think and answer to the questions. Each interviewee except one sounded positive and cooperative throughout the interviews thus creating an atmosphere where the interview did not feel forced. The one interviewee who seemed more hesitant and negative towards the interview still answered to all the questions. All of the above and the fact that the interviewees remained anonymous improve both the reliability and validity of the study.

Due to the author being heavily involved with the creation process and the design of the report which is being researched, as well as being an employee of DGF who produces the reports could distort the reliability and validity. The bond between the report and the author could imply that the author would seek favourable feedback from the interviewees. The questionnaire was developed to be as neutral as possible, so that there were no questions that could guide the interviewees to any direction. Also, the interviewees did not know and were not told about the author being involved with the creation of the report. In addition, the author stayed truthful to the research objectives and sought out to find ways to improve the report so that it would satisfy the customers' needs and that the report could add value to the relationship between DGF and its customers.

6.3 Discursion

The customer's role in business is essential as there would be no business without them. A great service or product is not enough to guarantee that a customer will stay and come back, but having excellent customer service to complement that great ser-

vice or product improve the odds for the relationship to last. Companies compete against each other in customer service level, therefore building and maintaining customer relationships is a critical area for companies. For DGF, the transportation report is one method of providing value adding customer service to its customers. This study's objectives were to find out, how the customers of DGF have perceived the new transportation report, how the report could be improved, how the customers use the report and whether there is a demand for the report.

The theoretical part addressed topics relating to customer service, specifically in the supply chain context. At first, customer service and supply chain were defined in order to grasp each as individual topics. Next the role of customer service in supply chains was dealt where customer service was viewed both from an organizational as well as from a customer point of view. The chapter introduced customer service strategy and the importance of customer service during different situations and transactional timeframes. The final theoretical chapter dealt with building and maintaining customer relations in the supply chain and it addressed the customer lifecycle and CRM's role in maintaining it, as well as customer retention.

The empirical part of the thesis was conducted as a qualitative research. The research was carried out as a focused telephone interview where 15 DGF customers took part. The focused interview had two themes: perceived experience and areas of improvement; and usage. The objective was to find out how the interviewees had perceived the new transportation report and how it could be improved, how they used it in their companies and for which purpose. The interviewees were also asked to rate the report's importance or usefulness to their company on a scale of 1 to 5.

Based on the research findings, the customers are pleased with the report in general. The overhaul has been perceived well within the customers and for most the content of the report suffice. However, a few areas of improvement were brought out which need to be investigated and corrected if possible. Some of the improvement areas dealt with labelling and layouts which can be modified without a major reconstruction of the report. The other improvement suggestions need to be addressed again, as these suggestions were already known by DGF.

The research revealed that the report primarily serves as a tool for tracking shipments. The customers also use it for comparing air and ocean shipment costs from which they draw conclusion to which method they will use in the future for similar shipments. The report is also used to monitor trends and for cost analysis. The report scored an average score of 4,2 on the rating question, meaning it is viewed important and useful by the customers.

The research can be considered successful as it was able to reach its objectives. The research findings provide DGF with actual feedback towards the transportation report which has been received well by the customers. By receiving improvement ideas should push DGF to further enhance the report and grow its importance for the customers. Furthermore, the knowledge regarding the different ways how the customers use the report assists DGF on improving the report in the future. The research will be useful to DGF as it now has a better understanding of its customers' needs. The study gives them a new viewpoint regarding transportation reporting's importance and tools for development.

Although the report received favourable feedback in general, the research raised questions whether all of the customers who receive the report find it important. A solution to finding out whether the customers actually view or open the report could be to lock the file with a key, which the customer then would need to request from DGF. However, in addition to being time consuming on DGF's part as it would have to send out the key separately to each customer, the customers could find such method as an insult which would have a negative impact on the customer relationship.

A suggestion for further study is to extend the research also to other customers who receive the report. Although some generalizations could be drawn out of this research, the research also proved that the customers have varying needs regarding the report. The following study could be carried out as for example an online survey. In order to activate the customers a prize should be attached to answering the survey in order to activate the customers.

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Interviewee 15, 2016. Company X. Interview 4.3.2016.

APPENDIX 1

The Interview body in Finnish and English

In Finnish:

(1) Mitä mieltä olette raportin sisällöstä ja ulkoasusta?

- Mitä siinä on hyvää?
- Missä olisi parantamisen varaa?
- Mitä teille olennaista raportilta puuttuu?
- Mitä turhaa mielestänne raportilla on?

(2) Kuinka yrityksenne käyttää raporttia?

- Ketkä raporttia käyttävät?

(3) Asteikolla 1-5:een, kuinka tarpeellisena tai hyödyllisenä näette raportin (5 on erittäin tarpeellinen tai hyödyllinen)?

- Annatteko esimerkkejä? (mikäli näitä ei ole saatu aiemmissa kohdissa)

In English:

(1) What is your opinion regarding the report's content and outlook?

- What is good about it?
- In which areas could the report be improved?
- What relevant information for your company is missing?
- Is there anything unnecessary on the report?

(2) How does your company use the report?

- Who use the report?

(3) On a scale from 1 to 5 how important or useful the report is for you (5 being very important or useful)?

- Could you provide some examples? (unless these very given during previous questions)

APPENDIX 2

Interviewee profiles (1 of 3)

Interviewee 1

- Man
- Logistics coordinator
- Quarterly reports
- Import company

Interviewee 2

- Woman
- Import coordinator
- Monthly reports
- Import company

Interviewee 3

- Woman
- Logistics coordinator
- Monthly reports
- Import & Export company

Interviewee 4

- Woman
- Purchasing and logistics assistant
- Monthly reports
- Import & Export company

Interviewee 5

- Woman
- Purchaser
- Monthly reports
- Import company, random export shipments

Interviewee profiles (2 of 3)

Interviewee 6

- Man
- Logistics manager
- Monthly reports
- Import & Export company

Interviewee 7

- Man
- Owner / Purchaser
- Quarterly reports
- Import and Export company

Interviewee 8

- Woman
- Office coordinator
- Monthly reports
- Import and Export company

Interviewee 9

- Woman
- Supply chain specialist
- Monthly reports
- Import and Export company

Interviewee 10

- Woman
- Purchaser
- Quarterly reports
- Import company

Interviewee profiles (3 of 3)

Interviewee 11

- Woman
- Purchaser
- Quarterly reports
- Import company

Interviewee 12

- Woman
- Logistics coordinator
- Quarterly reports
- Import and Export company

Interviewee 13

- Woman
- Logistics coordinator
- Quarterly reports
- Import and Export company

Interviewee 14

- Woman
- Logistics manager
- Quarterly reports
- Import and Export company

Interviewee 15

- Woman
- Logistics manager
- Quarterly reports
- Import company